



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

of credit is not necessarily proportioned to metallic reserves. The relation between gold and prices is not yet clear.

Colorado Springs, Col.

WARREN M. PERSONS.

Der Einfluss der Bank-und Geldverfassung auf die Diskontopolitik im deutschen Reich, in England, Frankreich, Österreich-Ungarn, Belgien, und den Niederlanden. By GEORG SCHMIDT. (Leipzig: Duncker and Humblot. 1910. Pp. viii, 120.)

The purpose of this monograph is to explain the difference in the magnitudes and fluctuations of the rates of discount in Germany, England, France, Austria-Hungary, Belgium, and Holland, so far as such explanation may be found in the privileges, policies and regulations of the central banks of these countries or in the peculiarities of their monetary systems. After a brief introduction, the author devotes Part I to a description of such features of the legal constitutions of the central banks of the above mentioned countries and of the policies adopted by their managements as have a bearing upon the rates of discount charged. In Part II he makes a comparative study of the rates of discount which have ruled in the six countries for a considerable period, and attempts to show the connection between the differences he finds and the peculiarities of each institution and each country described in Part I.

On account of differences in the legal regulations and practices of these banks, their ability to meet the demands made upon them for credit vary considerably, with the result that some are obliged to resort to variations in the rate of discount, while others are not. For example, on account of the strict limitation on the note issues of the Bank of England, her obligation to pay gold on demand, both to depositors and note holders, and the need for gold as hand-to-hand money in the country on account of her inability to issue notes of denominations under £5, she must carry a large gold reserve, for the regulation of which her chief resource must be variations in the rate of discount. For similar reasons the Imperial Bank of Germany is forced to adopt the same means, not so frequently, however, or to the same extent, since her note issues are not limited absolutely as are those of the Bank of England, and since she is able in part to meet the local demand for currency by the issue of notes of small denominations. The Bank of France, on the other hand, is freed from the neces-

sity of changing her rate of discount, except at infrequent intervals, by her ability to expand her note issues without reference to the amount of her cash holdings, and to supply the demand for hand-to-hand money by the issue of small notes of denominations as low as five francs. Her right to redeem her notes in five franc silver pieces enables her also to protect her gold reserve against encroachments from abroad without resorting to an increase in her discount rate. In their ability to adjust their credit resources to the discount rate, the other three banks range between the Banks of England and Germany on the one hand, and the Bank of France on the other.

The author concludes that the discount rate in any country, and all the other rates which are more or less closely connected with it, are due to such regulations as he has been studying, and to the policies pursued by the central banks, to a much greater extent than is ordinarily supposed. He, therefore, contends that the current theory regarding such rates, which makes them depend primarily upon the demand for and the supply of capital, needs considerable modification, and that relief from high and fluctuating rates of discount should be sought in the repeal or radical modification of such regulations of the central banks as needlessly limit the extension of their note issues and their free use in the domestic circulation. In this connection, he discusses the effects of the law of June 1, 1909, which considerably increased the tax-free contingent of the Imperial Bank of Germany, made her notes legal tender, relieved her of the necessity of redeeming her notes at her branches, but compelled her to redeem them in Berlin in gold, instead of in any form of legal tender money.

The discussion is clear, concise and convincing. It errs, if at all, in failing clearly to indicate how these banks would be protected against excessive issues in case the present limitations were removed or radically modified. The value of the monograph as a compilation of facts would have been considerably enhanced, had the author taken the trouble to bring down to date the statistical tables he has copied from well known secondary authorities.

University of Wisconsin.

WM. A. SCOTT.

NEW BOOKS

AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE. *Banking Problems. Annals*, November, 1910. (Philadelphia. Pp. 244. \$1.

A valuable series of sixteen papers, contributed by experts and recognized authorities.